National Plus Plan

INVESTING FOR A BRIGHTER FUTURE

Retirement Planning Newsletter

For participants of the National Plus Plan *October - 2021*

Quarterly Reminder

Keeping Your Investments on Target

With strong stock market performance over the last few years, it's possible that your mix of stocks, bonds, and fixed income investments may have strayed from your intended portfolio target.

For example, let's say you had 60% of your investment in stock funds and 40% of your investment in bond funds at the start of the year. If at then end of the year your percentage in stock funds has increased from 60% to 70%, your portfolio could be exposed to more stock-market risk than you feel comfortable with.

The National Plus Plan offers the option to select automatic account rebalancing for your investments. By contacting John Hancock, the Plan's service provider, via the internet at nationalplusplan.com then clicking on the MyLifeNow icon or calling at 1-833-388-6466 you can rebalance your portfolio annually. By doing this you can ensure that your intended investment allocations remain on target.

Saving is Always in Season

As summer gives way to fall, the preparation for the holidays seem to speed up. But saving for retirement which is by far your largest lifetime expense, takes continuous focus.

Fall can be a busy time for most people and the preparation for the holiday season can cause undue financial stress for many. Even when financial planning is difficult, you need to maintain discipline to build on your long-term retirement strategy. Putting off your retirement savings for even a few months may add to even more financial stress down the road. Listed below are a few ways to stay engaged with your retirement planning during the fall and winter months:

Calculate the money you'll need in retirement – Not knowing how much money you'll need in retirement is like hosting a holiday dinner for 15 family members and not planning your shopping list ahead of time.

Let's say Jane earns $40,000 per year. She will need to receive $30,000 to $40,000 per year from a combination of Social Security, retirement and personal savings to maintain her lifestyle. To protect her "buying power", Jane's rate of return on her investments will also have to meet or beat the rate of inflation annually.

Increase your contributions each year – Let's say you get paid every two weeks (26 times per year). If you increase your contributions to your retirement plan by just $10 a paycheck and maintain that contribution level, you'll be adding $260 to your account each year. If you have 30 years left until you retire, you will have an additional $7,800 to spend in retirement, even without considering the rate of your investment returns.

If you increase your monthly contributions by $10 each year (so that in the second year your contributing $20 per pay check, then in the third year you are contributing $30 per pay check and so on), by the end of year 30 you'll have an additional $114,348* to spend in retirement, even without considering your investment returns. ***This projection assumes you don't exceed the maximum annual contribution limit for qualified retirement plans.***

The Value of Time ...

When retirees are asked whether they would have done anything different about their retirement planning process, many say they wish they would have started sooner. The mistake that people at all income levels make with retirement accounts is not saving at a younger age.

Time is an important ally when saving and investing, because it allows you to recover from periodic bouts of market volatility. It took five and a half years after the vertigo-inducing drop that deleted $11 trillion dollars from stock portfolios before the Dow Jones Industrial Average finally regained the losses it suffered in 2008-2009. Those who did not panic and sell their stock investments during this period of heavy market volatility have seen their accounts not only fully recover but have profited handsomely since that time.

Having time on your side makes it easier to accumulate money for retirement, because those who start early don't have to set aside as much every month. Each decade you delay starting to save means you'll have to approximately double your savings rate to meet your goal. For example, if socking away 5% per year starting in your early 20's will get you to your goal, waiting until your 30's may mean having to save 10% instead of 5% to make up for lost time.

Time gives you the luxury to be able to develop a plan, and to adjust your savings strategy as you move through your first job, while building your career and preparing for the transition to retirement.

While you're young, it's fun to spend money and live in the moment. But, if this describes your philosophy of managing money, you should motivate yourself to start saving sooner. The longer you wait to save, the more you ultimately will need to save. By making small adjustments in your savings rate now, the easier it will be for you in the long run.

Calculate Your Retirement Needs

This may come as a surprise, but 57% of American workers age 55-plus have never used a retirement calculator*. Many experts believe that retirees will need 75% to 100% of their pre-retirement income to live comfortably in retirement.

There is a calculator at www.aarp.org that uses your income, age, current assets and savings rate to estimate how long your savings should last.

**Source: Society of Human Resource Management, September 2017*

National Plus Plan Contact Information

For information about investing in the National Plus Plan and the funds offered, contact J.W. Thompson Investments toll free at: 1-800-929-9479

For information about the administration of the National Plus Plan, contact the Pension Office toll free at : 1-800-452-4155

Information about the National Plus Plan is also available on the internet at: www.NationalPlusPlan.com

Para informacion sobre el Plan Nacional Mas en espanol, contacte a la oficina del Plan de Pension al 1-800-452-4155